

servicing institution comprising the steps of capturing customer indicia input by a borrower. The examiner acknowledges that Kelly does not teach of identification of the borrower's mortgage servicing institution either through information input by said borrower or by using said input information to determine said borrower's mortgage servicing institution by comparison with a database of mortgaging servicing institutions. The examiner further acknowledges that Kelly also lacks teaching of linking the borrower with the borrower's mortgage servicing institution, and notifying that servicing institution. The examiner further notes that the object of Kelly is to provide a mortgage instrument that can be continuously modified, either at the request of the customer or automatically when certain parameters have been met.

Though Kelly and the invention of Allen, as claimed in the application at issue, share the common theme of having an objective of allowing a borrower to alter the terms of the borrower's mortgage without requiring the borrower to refinance before the terms of the mortgage are changed, the commonality ends there. The differences between Kelly and the claimed invention of Allen is further evidenced by the fact that the examiner represents the Kelly invention teaches of only one of the many elements of the invention as claimed by Allen. The product of the Kelly invention and the method of the Allen invention have several patentable distinctions.

The contractual mortgage instrument product of the Kelly invention requires the borrower to enter into a new mortgage loan with terms allowing for the adjustment of rates. As is explicitly stated in Kelly, "the present invention begins with a mortgagee contracting for (and obtaining) a **new type of mortgage instrument** that includes a contractual provision specifying that the mortgage rate of the instrument will decrease under certain market conditions..." (emphasis added) [Page 2, Para 0021]. Kelly teaches that this new mortgage instrument may be an original transaction or a refinance transaction. [Page 2, Para 0022]. The Kelly invention further capitalizes on the requirement of the new mortgage, by using the start date or funding date as an integral date for implementation of the Kelly invention. [Page 2, Para 0022]. The Kelly invention offers no way of implementing the invention with an already existing mortgage, nor even mentions the invention being useful for an already existing mortgage instrument, as is currently claimed by Allen.

The Allen invention, as claimed in the application at issue, offers a method for providing the option of modifying the terms of their existing loan without requiring a new loan or classic refinancing (which also requires a new loan instrument to be implemented) to take place. As has been explained before, a classic or conventional mortgage refinancing is actually a brand new loan from the perspective of the financing institution that is securing the refinancing customer. The old mortgage is paid off and a new mortgage is put into place. Implementing an original new mortgage loan, or a classic refinancing of an existing loan, results in new loan fees, such as loan origination

fees, appraisal fees, and many others. The Allen invention allows the borrower to avoid the hassle of implementing an original new loan or a classic refinancing of a loan, along with eliminating the excess fees resulting from the new loan. Instead, the Allen invention claims a process that links the borrower to their existing mortgage servicing institution so the mortgage servicing institution may modify the terms of the existing mortgage loan, if desired by the borrower and mortgage servicing institution. The Allen invention educates consumers then provides a link to their current mortgage servicer, often saving unnecessary consumer and lender fees through mortgage modification.

The loan modification facilitated by the Allen invention is not a refinance; it is a change to interest rate and/or payment requirements without requiring the borrower to implement a new loan or classic refinancing, as is required by the teachings of the Kelly reference. A change in rates and payments using the Allen invention does not result in the need for a new closing, legal fees, survey, appraisal, or taxes as would be required by the Kelly reference, with its required beginning of implementing a new or classic refinanced mortgage product. In contrast, a refinance is a new mortgage and the borrower will need to pay a variety of fees and taxes that often costs thousands more than mortgage modification.

It is also important to note that unlike the Kelly reference identified by the examiner, the process claimed by the Allen application begins with the actual borrower, and not with a lending institution that is performing a statistical analysis upon its loan portfolio. The subject of the instant patent application is borrower driven, not institution or contract driven. The claimed Allen invention implements a method for the modification of the existing loan terms, with the result being different terms to the existing mortgage contract, as opposed to implementing the existing already contracted terms of the mortgage instrument, as is taught by Kelly. In particular, claim 21 requires this modification of the existing terms of the mortgage, as is not taught in Kelly or any other Prior Art.

This method allowing for the modification of existing terms is a very important component in that it minimizes costs associated with any statistical analysis of large numbers of loan holders, many of whom are not at risk of doing any refinancing or mortgage modification. The instant patent application begins only when there is a potential for a borrower to be even contemplating a new financial transaction that may result in that borrower seeking a new mortgage or a mortgage with modified terms. This is the most cost-effective solution to the problem, and one that is completely unrecognized by any Prior Art brought to bear on the patentability of the instant application.

From the borrower's point of view, mortgage modification (as opposed to entering into a new mortgage contract as the mortgage instrument taught by Kelly requires) saves hundreds to thousands of dollars in refinancing fees, which can be avoided since the basic transaction and

mortgage contract is preserved, albeit in modified form. From the mortgage servicer's point of view, modification of the existing mortgage contract without requiring the borrower to enter into a new agreement gives the servicer the opportunity to retain the borrower by offering the borrower valuable cost saving opportunities for the borrower's present mortgage loan.

Furthermore, as the examiner is familiar with, most inventions arise from a combination of old elements and each element may often be found in the prior art.¹ However, mere identification in the prior art of each element is insufficient to defeat the patentability of the combined subject matter as a whole. The examiner must articulate the basis on which he concludes that it would have been obvious to make the claimed invention and explain the reasons one of ordinary skill in the art would have been motivated to select the references, or teachings contained therein and to combine them to render the invention obvious. This "motivation-suggestion-teaching" requirement protects against the entry of hindsight into the obviousness analysis, a problem which §103 was meant to confront.² Therefore, the "motivation-suggestion-teaching" test asks not merely what the references disclose, but whether a person of ordinary skill in the art, possessed with the understandings and knowledge reflected in the prior art, and motivated by the general problem facing the inventor, would have been led to make the combination recited in the claims.³ Additionally, an obviousness determination requires not only the existence of a motivation to combine elements from different prior art references, but also that a skilled artisan would have perceived a reasonable expectation of success in making the invention via that combination.⁴ However, to have a reasonable expectation of success, one must be motivated to do more than merely to "vary all parameters or try each of numerous possible choices until one possibly arrived at a successful result, where the prior art gave either no indication of which parameters were critical or no direction as to which of many possible choices is likely to be successful."⁵ Similarly, prior art fails to provide the requisite "reasonable expectation" of success where it teaches merely to pursue a "general approach that seemed to be a promising field of experimentation, where the prior art gave only general guidance as to the particular form of the claimed invention or how to achieve it."⁶

¹ *In re Leonard R. Kahn*, 441 F.3d 977, 987, (Fed. Cir. 2006), citing *In re Rouffet*, 149 F.3d 1350, 1357 (Fed. Cir. 1998)

² *Kahn* at 986; *Rouffet* at 1357-59

³ *Kahn* at 988, citing *Cross Med. Prods.*, 424 F.3d 1293, 1321-24 (Fed. Cir. 2005)

⁴ *Medichem, S.A. v. Rolabo, S.L.* 437 F.3d 1157, 1165 (Fed. Cir. 2006), citing *In re O'Farrell*, 853 F.2d 894, 903-04 (Fed. Cir. 1988)

⁵ *Medichem* at 1165; *O'Farrell* at 903

⁶ *Medichem* at 1165; *O'Farrell* at 903

Applying the mandates of the Court of Appeal, Federal Circuit, it is clear that Kelly merely provides a starting point for the experimentation, and that only by trial and error, would perhaps, a serendipitous result be arrived at by the experimentalist as taught by the Allen invention, and as claimed by the pending application. There is absolutely no teaching within Kelly to identify the borrower's current mortgage servicing institution either through information input by the borrower or by using the input information to determine the borrower's mortgage servicing institution by comparison with a database of mortgaging servicing institutions, linking the borrower with the mortgage borrower's mortgage servicing institution, and notifying the borrower's mortgage servicing institution. In fact, Kelly provides no motivation even to consider any of these steps, as the existing mortgage servicing institution is unnecessary to the Kelly invention, as the Kelly invention requires a new mortgage loan or a conventional refinanced mortgage loan to implement the new mortgage instrument of the Kelly invention.

It is hard to fathom what suggestion an experimentalist would be following to arrive at the claimed subject matter as stated by the examiner. There is none stated within Kelly, thereby leading to the very result cautioned against by the Court of Appeals, Federal Circuit, in *Medichem*, namely to "vary all parameters or try each of numerous possible choices until one possibly arrived at a successful result, where the prior art gave either no indication of which parameters were critical or no direction as to which of many possible choices is likely to be successful." At best, Kelly teaches merely to pursue a "general approach that seemed to be a promising field of experimentation, where the prior art gave only general guidance as to the particular form of the claimed invention or how to achieve it."

Request for Reconsideration

Applicant believes that all independent claims clearly define over the prior art and that the distinctions between the present invention and the prior art would not have been obvious to one of ordinary skill in the art. Additionally, the remaining dependent claims, (including withdrawn dependent claims pursuant to the restriction and species election requirement) by the limitations contained in the base independent claims, are felt to be patentable over the prior art by virtue of their dependency from independent claims which distinguish over the prior art of record. All pending claims are thought to be allowable and reconsideration by the Examiner is respectfully requested.

It is respectfully submitted that no new additional searching will be required by the examiner.

Fee Determination Record

A fee determination sheet is attached for this amendment response. The Commissioner is hereby authorized to charge any additional fee required to effect the filing of this document to Account No. 50-0983.

Conclusion

It is respectfully submitted that all references identified by the examiner have been distinguished in a patentably novel and non-obvious way. If the examiner believes that a telephonic conversation would facilitate a resolution of any and/or all of the outstanding issues pending in this application, then such a call is cordially invited at the convenience of the examiner.

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